

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF  
VINCENNES COMMUNITY SCHOOL CORPORATION  
KNOX COUNTY, INDIANA  
July 1, 2004 to June 30, 2006



**FILED**  
03/21/2007



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Madonna J. Williams	07-01-04 to 06-30-07
Superintendent of Schools	Douglas D. Rose	07-01-04 to 06-30-07
President of the School Board	Scott E. Blackburn Pat Hutchinson Bryan L. Thais	07-01-04 to 06-30-05 07-01-05 to 06-30-06 07-01-06 to 06-30-07



**STATE OF INDIANA**  
**AN EQUAL OPPORTUNITY EMPLOYER**

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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**TO: THE OFFICIALS OF THE VINCENNES COMMUNITY SCHOOL  
CORPORATION, KNOX COUNTY, INDIANA**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vincennes Community School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, which collectively comprise the School Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 2, 2007, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

The Schedule of Funding Progress, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 2, 2007



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE VINCENNES COMMUNITY SCHOOL  
CORPORATION, KNOX COUNTY, INDIANA

We have audited the financial statements of the Vincennes Community School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, and have issued our report thereon dated February 2, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 2, 2007

VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 4,012,296
Restricted assets:	
Cash and investments	<u>129,765</u>
Total assets	<u>\$ 4,142,061</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 129,765
Unrestricted	<u>4,012,296</u>
Total net assets	<u>\$ 4,142,061</u>

The accompanying notes are an integral part of the financial statements.



VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 7,106,745
Restricted assets:	
Cash and investments	<u>201,999</u>
Total assets	<u>\$ 7,308,744</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 201,999
Unrestricted	<u>7,106,745</u>
Total net assets	<u>\$ 7,308,744</u>

The accompanying notes are an integral part of the financial statements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 11,146,626	\$ -	\$ 328,297	\$ (10,818,329)
Support services	13,773,655	845,318	650,778	(12,277,559)
Community services	162,129	-	-	(162,129)
Nonprogrammed charges	2,806,281	-	-	(2,806,281)
Debt service	12,162,897	-	-	(12,162,897)
Total governmental activities	<u>\$ 40,051,588</u>	<u>\$ 845,318</u>	<u>\$ 979,075</u>	<u>(38,227,195)</u>
General receipts:				
Property taxes				8,850,591
Other local sources				2,034,285
State aid				11,993,902
Grants and contributions not restricted				2,710,356
Bonds and loans				13,006,233
Sale of property, adjustments, and refunds				108,828
Investment earnings				<u>91,074</u>
Total general receipts				<u>38,795,269</u>
Change in cash and investments				568,074
Net assets - beginning				<u>3,573,987</u>
Net assets - ending				<u>\$ 4,142,061</u>

The accompanying notes are an integral part of the financial statements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 10,921,721	\$ -	\$ 210,180	\$ (10,711,541)
Support services	13,587,333	848,235	714,082	(12,025,016)
Community services	143,002	-	-	(143,002)
Nonprogrammed charges	437,575	-	-	(437,575)
Debt service	6,413,479	-	-	(6,413,479)
Total governmental activities	<u>\$ 31,503,110</u>	<u>\$ 848,235</u>	<u>\$ 924,262</u>	<u>(29,730,613)</u>
General receipts:				
Property taxes				14,100,018
Other local sources				2,762,837
State aid				12,814,920
Grants and contributions not restricted				2,934,869
Sale of property, adjustments, and refunds				44,825
Investment earnings				212,711
Intergovernmental transfers				<u>27,116</u>
Total general receipts and intergovernmental transfers				<u>32,897,296</u>
Change in cash and investments				3,166,683
Net assets - beginning				<u>4,142,061</u>
Net assets - ending				<u>\$ 7,308,744</u>

The accompanying notes are an integral part of the financial statements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2005

	General	Transportation Operating	Rainy Day Fund	Title I	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 4,886,103	\$ 1,050,574	\$ -	\$ -	\$ 2,398,125	\$ 1,606,120	\$ 83,468	\$ 945,639	\$ 10,970,029
Intermediate sources	-	-	-	-	-	-	-	1,027	1,027
State sources	12,117,969	-	-	-	-	-	-	1,533,354	13,651,323
Federal sources	-	-	-	1,048,807	-	-	-	1,833,415	2,882,222
Bonds and loans	5,984,764	500,000	2,300,000	-	3,121,469	1,100,000	-	-	13,006,233
Sale of property, adjustments and refunds	3,388	534	-	-	-	43,231	-	61,675	108,828
Intergovernmental transfers	-	-	435,000	326,966	-	-	-	234,677	996,643
Total receipts	<u>22,992,224</u>	<u>1,551,108</u>	<u>2,735,000</u>	<u>1,375,773</u>	<u>5,519,594</u>	<u>2,749,351</u>	<u>83,468</u>	<u>4,609,787</u>	<u>41,616,305</u>
Disbursements:									
Current:									
Instruction	9,168,364	-	-	770,969	-	-	-	1,207,293	11,146,626
Support services	7,610,375	862,217	-	287,104	-	1,838,764	78,298	3,096,897	13,773,655
Community services	101,403	-	-	2,474	-	-	-	58,252	162,129
Nonprogrammed charges	508,948	375,000	2,300,000	326,966	-	60,000	-	232,010	3,802,924
Debt services	<u>4,884,764</u>	<u>701,000</u>	<u>8,500</u>	<u>-</u>	<u>5,318,633</u>	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>12,162,897</u>
Total disbursements	<u>22,273,854</u>	<u>1,938,217</u>	<u>2,308,500</u>	<u>1,387,513</u>	<u>5,318,633</u>	<u>3,148,764</u>	<u>78,298</u>	<u>4,594,452</u>	<u>41,048,231</u>
Excess (deficiency) of total receipts over (under) total disbursements	718,370	(387,109)	426,500	(11,740)	200,961	(399,413)	5,170	15,335	568,074
Cash and investments - beginning	<u>627,118</u>	<u>530,061</u>	<u>115,000</u>	<u>509,506</u>	<u>(71,196)</u>	<u>762,178</u>	<u>125,479</u>	<u>975,841</u>	<u>3,573,987</u>
Cash and investments - ending	<u>\$ 1,345,488</u>	<u>\$ 142,952</u>	<u>\$ 541,500</u>	<u>\$ 497,766</u>	<u>\$ 129,765</u>	<u>\$ 362,765</u>	<u>\$ 130,649</u>	<u>\$ 991,176</u>	<u>\$ 4,142,061</u>

The accompanying notes are an integral part of the financial statements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2006

	General	Transportation Operating	Rainy Day Fund	Title I	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 8,242,188	\$ 1,740,329	\$ -	\$ -	\$ 3,391,273	\$ 2,524,530	\$ 157,832	\$ 1,003,328	\$ 17,059,480
Intermediate sources	414	-	-	-	-	-	-	237	651
State sources	12,962,571	-	-	-	-	-	-	1,279,770	14,242,341
Federal sources	-	-	-	1,073,222	-	-	-	2,222,158	3,295,380
Sale of property, adjustments and refunds	8,069	420	-	-	249	2,985	-	33,102	44,825
Intergovernmental transfers	-	-	658,500	343,747	-	-	-	217,860	1,220,107
Total receipts	<u>21,213,242</u>	<u>1,740,749</u>	<u>658,500</u>	<u>1,416,969</u>	<u>3,391,522</u>	<u>2,527,515</u>	<u>157,832</u>	<u>4,756,455</u>	<u>35,862,784</u>
Disbursements:									
Current:									
Instruction	9,138,729	-	-	648,476	-	-	-	1,134,516	10,921,721
Support services	7,782,837	866,902	47,476	242,442	34,000	1,795,295	37,700	2,780,681	13,587,333
Community services	85,526	-	-	5,148	-	-	-	52,328	143,002
Nonprogrammed charges	446,002	400,000	-	343,747	-	-	-	440,817	1,630,566
Debt services	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,358,940</u>	<u>-</u>	<u>-</u>	<u>54,539</u>	<u>6,413,479</u>
Total disbursements	<u>20,453,094</u>	<u>1,266,902</u>	<u>47,476</u>	<u>1,239,813</u>	<u>3,392,940</u>	<u>1,795,295</u>	<u>37,700</u>	<u>4,462,881</u>	<u>32,696,101</u>
Excess (deficiency) of total receipts over (under) total disbursements	760,148	473,847	611,024	177,156	(1,418)	732,220	120,132	293,574	3,166,683
Cash and investments - beginning	<u>1,345,488</u>	<u>142,952</u>	<u>541,500</u>	<u>497,766</u>	<u>129,765</u>	<u>362,765</u>	<u>130,649</u>	<u>991,176</u>	<u>4,142,061</u>
Cash and investments - ending	<u>\$ 2,105,636</u>	<u>\$ 616,799</u>	<u>\$ 1,152,524</u>	<u>\$ 674,922</u>	<u>\$ 128,347</u>	<u>\$ 1,094,985</u>	<u>\$ 250,781</u>	<u>\$ 1,284,750</u>	<u>\$ 7,308,744</u>

The accompanying notes are an integral part of the financial statements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For The Year Ended June 30, 2005

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ -	\$ 28,812
Transfers	<u>2,300,000</u>	<u>-</u>
Total additions	<u>2,300,000</u>	<u>28,812</u>
Deductions:		
Instruction	-	10,133
Support services	2,246,757	1,739
Community services	-	14,573
Debt services	<u>65,034</u>	<u>-</u>
Total deductions	<u>2,311,791</u>	<u>26,445</u>
Excess (deficiency) of total additions over (under) total deductions	(11,791)	2,367
Cash and investments - beginning	<u>-</u>	<u>7,540</u>
Cash and investments - ending	<u>\$ (11,791)</u>	<u>\$ 9,907</u>

The accompanying notes are an integral part of the financial statements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For The Year Ended June 30, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Local sources	\$ 250,053	\$ 30,890
Deductions:		
Instruction	-	7,321
Support services	10,753	5,176
Community services	-	8,585
Nonprogrammed charges	27,116	-
Debt services	<u>166,403</u>	<u>-</u>
Total deductions	<u>204,272</u>	<u>21,082</u>
Excess of total additions over total deductions	45,781	9,808
Cash and investments - beginning	<u>(11,791)</u>	<u>9,907</u>
Cash and investments - ending	<u>\$ 33,990</u>	<u>\$ 19,715</u>

The accompanying notes are an integral part of the financial statements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2005

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ <u>(11,791)</u>	\$ <u>9,907</u>	\$ <u>67,512</u>
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ <u>(11,791)</u>	\$ <u>9,907</u>	

The accompanying notes are an integral part of the financial statements.



VINCENNES COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 33,990	\$ 19,715	\$ 63,002
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ 33,990	\$ 19,715	

The accompanying notes are an integral part of the financial statements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Vincennes Community School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with North Knox School Corporation and South Knox School Corporation in a joint venture to operate the Knox County Special Education Cooperative which was created to operate programs and services for handicapped children. The School Corporation is obligated by contract to remit monthly payments to supplement the Cooperative. The Cooperative's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of the Cooperative equal to their proportionate share. Complete financial statements for the Cooperative can be obtained from 300 North 6<sup>th</sup> Street, Vincennes, Indiana, 47591.

The School Corporation is a participant with eleven other school corporations in a joint venture to operate the Twin Rivers Vocational Area which was created to develop and operate vocational education for students of the participating school corporations. The School Corporation is obligated by contract to remit annually a prorated amount based upon each participating school corporations' enrollment. The Twin Rivers Vocational Area uses its surplus resources to provide vocational education for participating schools. The School Corporation is obligated for the debts of the Twin Rivers Vocational Area. Complete financial statements for the Twin Rivers Vocational Area can be obtained from Twin Rivers Vocational Area, 301 E. South Street, Washington, Indiana, 47501.

The School Corporation is a participant with thirty-four other school corporations in a joint venture to operate Southern Indiana Education Center (SIEC) which was created to operate and maintain the educational service center in order to allow participating school corporations to cooperate and share certain programs and services. The School Corporation is obligated by contract to remit annually a fee for membership in an amount determined by the governing board of the SIEC. The School Corporation is obligated for the debts of the SIEC. Complete financial statements for the SIEC can be obtained from Southwest Dubois County School Corporation at P.O. Box 396, Huntingburg, Indiana, 47542.

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints the board members of the Knox County Special Education Cooperative, Twin Rivers Vocational Area, and Knox County Public Library.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. However, there are no business-type activities to report at this time.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The Title 1 fund accounts for federal grants and distributions for the Title 1 grants to local educational agencies.

The rainy day fund is to account for transfers of unused and unencumbered funds in accordance with Indiana Code 36-1-8-5 and a locally adopted resolution. The fund is subject to the same appropriation process as funds that receive tax money.

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the retirement/severance bond fund, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students.

Agency funds account for assets held by the School Corporation as an agent for payroll withholdings.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Compensated Absences

a. Sick Leave

Certified personnel are authorized 12 days per year. Noncertified personnel are authorized 10 days per year. Unused sick leave may be accumulated to a maximum of 130 days for noncertified personnel and unlimited for certified personnel. Accumulated sick leave is paid to employees through cash payments upon termination.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 16 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

Certified personnel are authorized 4 days per school year. Noncertified personnel are authorized 3 days per school year. Unused personal leave may be accumulated to a maximum of 5 days for certified personnel. Unused days for certified personnel in excess of 5 days and all unused days for noncertified personnel transfer to sick leave at the end of the year.

d. Family Illness Leave

Certified personnel are authorized 4 days per school year. Unused family leave may be accumulated to a maximum of 7 days.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Cash and Investments and the Statement of Cash Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Cash and Investments and the Statement of Cash Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Cash and Investments and the Statement of Cash Activities.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2006, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2006, the School Corporation had no investments.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2005 and 2006, were as follows:

Transfer From	Transfer To	June 30, 2005	June 30, 2006
General Fund	Other governmental	\$ 15,961	\$ 22,611
Transportation Fund	Rainy Day Fund	375,000	400,000
Capital Projects Fund	Rainy Day Fund	60,000	-
Rainy Day Fund	All others	2,300,000	-
Other governmental	Rainy Day Fund	-	250,000
	Other governmental	545,682	520,380
All others	Rainy Day Fund	-	8,500
	Other governmental	-	18,616
Totals		<u>\$ 3,296,643</u>	<u>\$ 1,220,107</u>

The School Corporation typically uses transfers for cash flow purposes according to various statutes.

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with Vincennes Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year ended June 30, 2006, totaled \$2,060,000.



VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment social security bridge benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 20 years of service. Currently, 35 retirees meet these eligibility requirements. The School Corporation provides 100% of these post-employment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2006, disbursements of \$231,668 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	<u>PERF</u>
Annual required contribution	\$ 49,239
Interest on net pension obligation	(11,912)
Adjustment to annual required contribution	<u>13,575</u>
Annual pension cost	50,902
Contributions made	<u>94,088</u>
Decrease in net pension obligation	(43,186)
Net pension obligation, beginning of year	<u>(164,305)</u>
Net pension obligation, end of year	<u><u>\$ (207,491)</u></u>
Contribution rates:	
School Corporation	5.5%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-03	\$ 101,763	122%	\$ (116,925)
	06-30-04	66,416	171%	(164,305)
	06-30-05	50,902	142%	(207,491)

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$611,495, \$614,760, and \$578,944, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

VINCENNES COMMUNITY SCHOOL CORPORATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 2,423,919	\$ 2,286,152	\$ 137,767	106%	\$ 1,631,052	8%
07-01-04	2,450,700	2,203,057	247,643	111%	1,405,247	18%
07-01-05	2,525,225	2,357,210	168,015	107%	1,499,879	11%

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**VINCENNES COMMUNITY SCHOOL CORPORATION**

**300 North Sixth Street**  
**Post Office Box 1267**  
**Vincennes, Indiana 47591-1267**

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**MADONNA J. WILLIAMS**  
CORPORATION TREASURER  
**BARBARA A. CANNON**  
ADMINISTRATIVE ASSISTANT  
TO THE SUPERINTENDENT

**Primary Government**

**Ending  
Balance**

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 845,360.00
Infrastructure	
Buildings	\$26,255,509.98
Improvements other than buildings	\$ 1,182,633.05
Machinery and equipment	\$ 3,560,972.70
Construction in progress	

<b>TOTAL</b>	<b>\$31,844,475.73</b>
--------------	------------------------

These numbers are a direct reflection of the 2006 asset management service conducted by Maximus, Inc.

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Vincennes Community School Corporation  
Supplementary Information  
Schedule of Long-Term Debt

For the Year Ended June 30, 2006

Description of Asset	Principal Ending Balance	Principal Due Within One Year
Governmental Activities:		
Capital Leases	\$15,136,320.30	\$ 1,265,000.00
Lincoln High School		
Notes and Loans Payable		
Common School Loan	\$ 389,426.87	\$ 132,067.65
Revenue bonds		
Pension bonds	\$ 2,190,000.00	\$ 125,000.00

VINCENNES COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

INVESTMENT MATURITY LIMITATIONS (Applies to Lincoln High School)

Lincoln High School purchased certificates of deposit which have a stated maturity in excess of two years.

Indiana Code 5-13-9-5.6 states in part: "... investments made under this chapter must have a stated final maturity of not more than ... (3) two (2) years ... after the date of purchase or entry into a repurchase agreement."

INVESTMENTS IN CERTIFICATES OF DEPOSIT (Applies to Lincoln High School)

No record of quotes taken for investment in certificates of deposit was available for audit.

Indiana Code 5-13-9-4(b) states in part: "The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. A deposit made under this subsection shall be placed in the designated depository quoting the highest rate of interest. If more than one (1) depository submits a quote of the highest interest rate quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion."

INVESTMENT INTEREST (Applies to Lincoln High School)

Investment interest is at times added automatically to the investment. The interest is sometimes paid directly to a scholarship recipient.

Interest on investments should not be added automatically to the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

VINCENNES COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

OVERDRAWN FUND BALANCES (Applies to Lincoln High School)

The Choir Fund and the Yearbook Fund were overdrawn by \$2,945.89 and \$13,368.19, respectively, at May 31, 2006.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SALES TAX

Sales tax was paid on payments of gas utility bills.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PENALTIES, INTEREST AND OTHER CHARGES

Information presented for audit indicates that, in some cases, amounts payable to vendors and other suppliers of goods and services are not being paid until after the due date. Late payment charges were paid on payments of gas utility bills.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)



SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE VINCENNES COMMUNITY SCHOOL  
CORPORATION, KNOX COUNTY, INDIANA

### Compliance

We have audited the compliance of the Vincennes Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2006. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2006.

### Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 2, 2007

VINCENNES COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2005 and 2006

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-05	Total Federal Awards Expended 06-30-06
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 145,828	\$ 154,567
National School Lunch Program	10.555		439,410	484,184
Summer Food Service Program for Children	10.559		1,722	1,627
Total for cluster			586,960	640,378
Total for federal grantor agency			586,960	640,378
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027			
FY 03-04		14204-034-PN01	361,652	-
FY 04-05		14205-034-PN01	780,839	299,755
FY 05-06		14206-034-PN01	-	501,701
CSPD FY 03-04		14203-034-DY08	3,466	-
CSPD FY 04-05		14204-034-DY09	-	98,441
Sliver FY 03-04		14204-034-SN01	8,032	-
Sliver FY 04-05		14205-034-SN01	13,314	3,016
Sliver FY 05-06		14206-034-SN01	-	10,584
Total for program			1,167,303	913,497
Special Education - Preschool Grants	84.173			
FY 03-04		45703-034-PN01	75,549	-
FY 04-05		45704-034-PN01	10,444	59,502
Total for program			85,993	59,502
Total for cluster			1,253,296	972,999
Title 1 Grants to Local Educational Agencies	84.010			
FY 03-04			238,425	-
FY 04-05			656,029	214,882
FY 05-06			-	496,846
CMS FY 04-05			15,075	17,808
CMS FY 05-06			-	2,953
SWRYV FY 03-04			35,116	-
SWRYV FY 04-05			115,901	47,830
SWRYV FY 05-06			-	115,747
Total for program			1,060,546	896,066
Pass-Through Twin Rivers Vocational Area				
Vocational Education - Basic Grants to States	84.048		9,123	23,085

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

VINCENNES COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2005 and 2006  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-05	Total Federal Awards Expended 06-30-06
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186			
FY 02-04		02-314	10,197	
FY 03-05		03-109	11,783	10,318
FY 04-06		04-114	283	12,665
Total for program			22,263	22,983
Private School - Capital Expenses	84.216	FY 02-04	1,469	-
State Grants for Innovative Programs	84.298			
FY 03-04		03-128	36,274	-
FY 04-05		04-175	73,184	54,739
FY 05-06		05-178	943	61,485
Total for program			110,401	116,224
Education Technology State Grants	84.318			
FY 02-04			4,457	-
FY 03-05			6,327	6,933
FY 04-06			-	6,151
Total for program			10,784	13,084
Reading Excellence	84.338	FY 02-04	6,077	-
Rural Education	84.358	FY 03-05	42,229	-
Improving Teacher Quality State Grants	84.367			
FY 02-04		02-182	4,634	-
FY 03-05		03-195	110,446	3,375
FY 04-06		04-172	8,577	114,280
Total for program			123,657	117,655
Total for federal grantor agency			2,639,845	2,162,096
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Department of Health				
Abstinence Education Program	93.235			
FY 03-05		G0301INAEGP	9,714	-
FY 04-06		G0501INAEGP	6,327	12,300
FY 05-07		G0701INAEGP	-	5,606
Total for federal grantor agency			16,041	17,906
Total federal awards expended			\$ 3,242,846	\$ 2,820,380

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

VINCENNES COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Vincennes Community School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2005 and 2006:

Program Title	Federal CFDA Number	2005	2006
Title 1 Grants to Local Educational Agencies	84.010	<u>\$ 151,017</u>	<u>\$ 163,577</u>

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2005 and 2006. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2005	2006
Child Nutrition Cluster	10.555	<u>\$ 33,281</u>	<u>\$ 43,158</u>

VINCENNES COMMUNITY SCHOOL CORPORATION,  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Child Nutrition Cluster Title 1 Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

VINCENNES COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



VINCENNES COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2007, with Madonna J. Williams, Treasurer; Douglas D. Rose, Superintendent of Schools; Bryan L. Thais, President of the School Board; and Darrel I. Bobe, Executive Director for Financial Services. The officials concurred with our audit findings.